

SPECIAL NEWS

Domestic Economy Desk

Iran dismisses reports of handing Chabahar port over to India

An Iranian official said that reports on handing over the operation of the strategic Chabahar port to India are not true.

Hadi Haqshenas, the deputy head of Iran's Ports and Maritime Organization (PMO) for Maritime Affairs, told Iran's Young Journalist Club that statements attributed to Roads and Urban Development Minister Abbas Akhoundi about the port's operation were distorted in translation.



Last week Indian media outlets quoted Akhoundi as saying that Iran will hand over the port to Indian company within a month for operation as per an interim agreement. Meanwhile, Haqshenas said that Iran has only handed over the development of the port to the Indian side, not its administration.

However, the official added that loading and unloading operations in the port is handed over to the Indian side. Iran will never assign ownership of any port or land to another country, he declared.

In the meantime, he added that in return for importing equipment and facilitating unloading and loading operations, the right to operate the Chabahar port will be handed over to India for a limited time.

Chabahar Port in Iran's southeastern coast in Sistan-Baluchistan Province is easily accessible from India's western coast. The port provides India with an easier land-sea route to Afghanistan.

In November, India sent its first cargo of wheat to Afghanistan through Chabahar in what appeared to be a trial run of a multi-modal connectivity route.

A rail link between Chabahar and Zahedan and thence to Afghanistan is a crucial part of India's ambitious extra-regional connectivity plans over which Tehran, New Delhi and Kabul have signed a basic agreement.

Iran announces new rule for steel, petrochemical exports

The Iranian government announced a new rule on steel and petrochemical exports which goes into immediate effect, according to a directive issued by the Central Bank of Iran.



Based on the directive, exporters of steel (including semi-finished, finished and downstream products) and petrochemical materials, must return all hard currency earned from overseas sales into the country within 60 days from the date of export, Platts reported.

Iran's main steel producers, excluding small private sector mills, exported 2.62 million tons of finished and semi-finished steel in the four months from March 21 to July 21, according to statistics from Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO), a 13-percent increase from the same period last year.

World Steel Association (WSA) in its report said that Iran's crude steel production registered a considerable 25.8 percent growth in the first half of 2018, compared to the same period last year.

The report showed that Iran produced more than 21.8 million tons of crude steel in the year which ended March 20, 2018, ranking 13th among world's top 65 steel producers.

It is expected that Iran will stand seventh in 2025 with a production capacity of 55 million tons of crude steel at large.

Earlier, World Steel Association (WSA) had announced that Iran stood 11th in the first five months of 2018.

Iran produced 2,080,000 tons of crude steel in June 2018, showing a considerable 16.5 percent growth compared to the figure for the same period of last year.



Iran resorts to storing oil in fleet of supertankers again

Iran is starting to store oil on its fleet of supertankers again as impending US sanctions force the Persian Gulf country to revive a strategy it deployed under previous curbs.

"We can expect floating storage to increase under the impact of US sanctions in the coming months," Harry Tchilinguirian, the head of commodity-markets strategy at BNP Paribas SA, said from London, Bloomberg reported.

So far, most of the ships in question —

all of which are Iranian owned — have only been holding crude at sea for a few weeks, rather than for months at a time as they did during 2012-2016 sanctions, tanker tracking compiled by Bloomberg show.

At least five full crude tankers have anchored off the Iranian coast over the past two-and-a-half weeks. Two more supertankers, or very large crude carriers (VLCC), joined them in the past three days, bringing the total volume of crude

held on ships off Iran's ports to 13 million barrels.

Six of the tankers are anchored close to Kharg Island, while the seventh is further west near Iran's Sorosh terminal.

Two more vessels holding three million barrels of condensate — a light oil produced at Iran's natural gas fields — have been idling for weeks off Dubai.

In May, Trump pulled out of a 2015 pact that eased sanctions in return for Iran

modification on its nuclear program, describing the deal as "rotten to its core".

Iran is not storing as much crude at sea as it did during previous sanctions, when tens of millions of barrels were held for months at a time.

Iran's pumped about 3.7 million barrels a day on average since sanctions eased at the start of 2016, more than one million barrels a day above what it was producing when sanctions were at their toughest.

IOC books Iranian oil imports for October

Indian Oil Corp. (IOC) booked for import of usual monthly quantity of 0.75-0.8 million tons of crude oil from Iran in October, a senior official said.

While India wants to continue importing Iranian oil, US Secretary of State Mike Pompeo last week stated that Washington would consider waivers on the embargo, PTI reported.

State refiners, however, have no advice from the government on Iranian imports yet, the official said.

IOC, he said, had planned to import of nine million tons of Iranian oil in the 2018-19 fiscal (April 2018 to March 2019).

"This comes to a monthly volume of 0.75 million tons and we have been doing similar kind of import till now, including in September. We have booked a similar volume of 0.75-0.8

million tons in October."

The official said, "We don't know yet what stance government of India will take. We have not been told to stop or cut down on imports from Iran as yet.

November. Perhaps there will be clarity before that."

Indian refiners buying from Iran benefit from 60 days credit, terms not available from suppliers of substitute crudes

may pose a challenge to the transportation of the oil as Iranian crude is bought on a CIF basis and shipped on Iranian tankers.

Under Cost, Insurance and Freight (CIF) mode of shipping, the seller assumes the responsibility of transportation and insurance. The liability and costs associated with successful transit are paid by the seller until the goods are received by the buyer.

India had planned to import about 25 million tons of crude oil from Iran in the current fiscal — up from 22.6 million tons imported in 2017-18.

While Iranian oil makes up for a very small volume in the basket of crude for HPCL and BPCL has stopped buying Iranian oil but for a different reason. It had contracted for around four million tons of Iranian crude for 2018-19. This included one million tons for its joint venture refinery at Bina in Madhya Pradesh.

Of the remaining three million tons destined for Mumbai and Kochi refineries, one million tons was on a firm basis and the remaining was optional. BPCL has taken all of the firm volumes already, as well as around one and a half million tons of the optional volumes, officials said.



We are importing oil on a monthly basis. "We don't know what will happen in

— Saudi Arabia, Kuwait, Iraq, Nigeria and the US. The absence of payment mechanism

Greater Pakistan-Iran cooperation in energy sector needed: Minister

Pakistan has called for greater cooperation with Iran in the energy sector.

Pakistani Minister for Petroleum and Natural Resources Ghulam Sarwar Khan said in a meeting with Iran's Ambassador Mehdi Honaroust on Wednesday that his country remains fully committed to the Iran-Pakistan (IP) gas pipeline project without any foreign pressure, radio.gov.pk reported.

The IP gas project commands a

top priority for Pakistan more than any other gas pipeline project, the minister said, noting that unfortunately the project was delayed in the past due to international sanctions.

The ambassador however drew the minister's attention to exploring the possibilities of cooperation in the energy sector cooperation, particularly on the IP gas pipeline project.

He said IP gas pipeline will be

a game changer for the region as other countries are willing to cooperate in the construction of this gas pipeline.

The envoy also offered cooperation in government to government deal in importing petroleum products to curb smuggling.

Sarwar Khan acknowledged the cooperation offered by Iran in supplying electricity to coastal areas.

They also agreed to enhance trade between the two countries.

